REMARKS

This Amendment and Request for Reconsideration is submitted in response to an outstanding Office Action dated June 19, 2006. The Examiner has reopened prosecution subsequent to the filing of an appeal brief on March 27, 2006. Applicant has exercised its option to file a reply under 37 C.F.R. 1.111 to this non-final Office Action, and accordingly will not request reinstatement of the appeal.

On August 10, 2006, the Examiner conducted a telephonic interview with Applicant's representative, Michael Kurzer (reg no. 57,350). No exhibits or demonstrations were conducted during the interview and no prior art was discussed. The discussion focused on independent claim 1. No agreement as to the allowability of claim 1 or any other claims was reached. The Examiner clarified his reasons for making rejections under 35 U.S.C. 101 and 112 and suggested what amendments could possibly remedy these rejections. Applicant's representative argued that claim 1 does have a real world tangible result. Examiner stated that "mere granting of authority to a board of directors to make a change" lacks tangibility, but agreed that if the claim could be amended to reflect an actual change, such a result could be tangible.

The Examiner also stated that the preamble of "managing a concentration of debt" is not clearly achieved by the steps in the claim. The Examiner agreed that a change in the preamble to indicate the creation of an incentive would overcome this rejection if support could be demonstrated in the disclosure.

The Examiner stated that there seemed to be some disconnect between the claim elements. The Examiner was not sure whether the debt instruments having a parameter changed and the "more debt instruments than the debt concentration threshold" was the same debt instrument or different instruments. Applicant's representative indicated that these debt instruments could be the same. Applicant's representative explained the claim steps by

presenting a hypothetical scenario involving the sale of bonds by a company. The Examiner asked that there be some clarification in the claim to show the relationship between the claim elements, such as whether or not the debt instrument having the parameter changed is the same instrument . The Examiner also pointed out that more debt instruments does not necessarily mean more debt and thus the objective of managing debt concentration may not be met by the steps of claim 1. The Examiner further stated that by making amendments to clarify the relationship between the elements of claim 1, the amendments may have the effect of distinguishing the claims from the prior art reference, King, U.S. Patent No. 6,148,293.

Applicant's representative agreed to make amendments and file a reply implementing the Examiner's suggestions rather than to reinstate an appeal.

I. Status of the Claims

Please amend claims 1, 2, and 5 as indicated above. Please cancel claims 3, 4 and 116-119 without prejudice. Claims 18-115 and 120 were previously canceled without prejudice. Claims 121-123 have been newly added. Claims 1, 2, 5-17 and 121-123 are currently pending in this application. Claim 1 is the only independent claim.

Applicant acknowledges the Examiner's citation of statutory authority as a basis for claim rejections. The Examiner has rejected claims 1-17 and 116-119 under 35 U.S.C. § 101, as directed to non-statutory subject matter. Claims 1-17 and 116-119 have also been rejected under 35 U.S.C. § 112, second paragraph, "as being indefinite for failing to particularly point out and distinctly claim the subject matter which Applicant regards as the invention." The Examiner has rejected claims 1-17 and 116-119 under 35 U.S.C. § 112, second paragraph, as being incomplete for omitting essential steps, such omission amounting to a gap between the steps. In addition, claims 1-17 and claims 116-119 have been rejected under 35 U.S.C. § 103(a) as being

unpatentable over King (U.S. Patent No. 6,148,293).

Support for the amended and newly added claims can be demonstrated as follows:

Claim 1

Applicant has amended the preamble of claim 1 to replace "managing concentration of debt" with "creating an incentive for an entity to limit its accumulation of debt issued by a company." Support for this change can be found for example in paragraphs 23, 24, 32 and 33 of the specification.

Applicant has amended claim 1 to show that a debt is issued in the form of a debt instrument. Support for this amendment can be found, for example, in paragraphs 22 and 32.

Applicant has also amended claim 1 to clarify that the debt is "issued by a company." Support for this amendment can be found, for example, in paragraphs 31 and 32 of the specification.

Applicant acknowledges that a comparison of the number of debt instruments to a debt concentration threshold does not necessarily reveal a true comparison to the outstanding debt as described in the specification. Applicant has amended claim 1 to more accurately reflect the comparison made in the specification. Applicant has amended the "number of debt instruments" to simply "the debt" issued. Support for this change can be found, for example, in paragraph 22.

Applicant has also removed the limitation "providing a company board of directors with authority to implement the condition and change a parameter of the debt instrument as the board of directors deems appropriate" and inserted the limitation "changing the at least one parameter of the debt instrument upon the occurrence of the condition." Support for this change can be found, for example, in paragraph 7 of the specification.

Claim 2

Applicant has amended claim 2 to clarify that the company is issuing a new debt instrument with the associated condition. Paragraph 19 of the specification provides support for this amendment.

Claim 5

Applicant has amended claim 5 to specify that monitoring of debt concentration is actually monitoring the holdings of debt instruments by entities. Support for this amendment can be found, for example, in paragraph 37 of the specification.

Claims 121-123

Support for new claims 121-123 can be found, for example, in paragraph 19 of the specification.

II. Rejections under 35 U.S.C. § 101

The Examiner has rejected claims 1-17 and 116-119 under 35 U.S.C. § 101, as directed to non-statutory subject matter for "failing to produce [a] useful, concrete and tangible result." The Examiner further states that the step of "providing a company board of directors with authority to implement the condition" lacks tangibility. Finally, the Examiner also states that the steps of "determining a debt concentration threshold" and "associating a condition with the debt instrument" lacks "real world practical application" and tangibility.

Applicant submits that rejection under 35 U.S.C. § 101 has been overcome by way of amendment to claims 1, 2 and 5. Claims 3-4 and 116-119 have been cancelled. Claim 1 now does not merely provide authority to a board of directors to implement a condition, but actually requires that at least one parameter of a debt instrument is actually changed upon the occurrence of the condition. Claim 1 now shows a tangible, real world result, that being a changed debt

instrument. Dependent claims 2 and 5-17 will also produce a tangible result for the same reason. A further tangible result is also demonstrated by the amended preamble of claim 1. The result is the creation of an incentive towards limiting accumulation of debt issued by a company.

III. Rejections under 35 U.S.C. § 112, Second Paragraph

The Examiner has rejected claims 1-17 and 116-119 under 35 U.S.C. § 112, second paragraph, "as being indefinite for failing to particularly point out and distinctly claim the subject matter which Applicant regards as the invention." Regarding the preamble of claim 1, the Examiner stated that it was not clear that "A method for managing concentration of debt" was achieved by the steps of the claim. Further regarding claim 1, the Examiner states that the phrase "providing a company board of directors with authority to implement the condition....deems appropriate" renders the claim indefinite because the condition and changing the parameter of the debt instrument are not necessarily implemented and thus the "metes and bounds of this limitation are indeterminate." The Examiner states that the limitation "as the board of directors deems appropriate" is vague and unclear. The Examiner also asks for clarification as to whether the debt instruments, board of directors, and debt concentration threshold relate to the same or different business entities. Claims 2-17 were rejected because they depend from rejected claim 1.

Applicant submits that the amendments to claim 1 overcome the Examiner's rejection for indefiniteness for "failing to particularly point out and distinctly claim the subject matter which Applicant regards as the invention." Applicant has amended the preamble to recite "A method for creating an incentive for an entity to limit its accumulation of debt issued by a company." Applicant asserts that this preamble is achieved by the steps of claim 1. Applicant has amended claim 1 to remove the "as the board of directors deems appropriate" language and to require the

implementation of "changing the at least one parameter of the debt instrument upon the occurrence of the condition." Applicant has also amended claim 1 to show that the debt is issued by a company in the form of debt instruments.

The Examiner has also rejected claims 1-17 and 116-119 under 35 U.S.C. § 112, second paragraph, as being incomplete for omitting essential steps, such omission amounting to a gap between the steps. As support, the Examiner cites the MPEP § 2172.01. The Examiner states that "[i]t is not clear how the steps recited result in managing of debt concentration. Specifically, the omitted steps are: "changing at least one parameter when an entity holds more of the same debt instrument than the debt concentration threshold."

Applicant submits that the amendments to claim 1 overcome Examiner's rejection for "being incomplete for omitting essential steps, such omission amounting to a gap between the steps." Applicant submits that it is now clear that after associating a condition with a debt instrument, at least one parameter of the debt instrument is changed upon occurrence of the condition. Further, the preamble has been amended to clarify that steps correspond to a method of creating an incentive for an entity to limit its accumulation of debt issued by a company.

IV. Rejections under 35 U.S.C. § 103

The Examiner has rejected claims 1-17 and 116-119 under 35 U.S.C. § 103(a) as being unpatentable over King (U.S. Patent No. 6,148,293). In the rejection of claim 1, the Examiner admits that King fails to "explicitly teach the steps of determining a debt concentration threshold and the condition when an entity holds more debt instruments than the debt concentration threshold." The Examiner takes official notice that the steps of determining a debt concentration threshold and the condition when an entity holds more debt instruments than the debt

concentration threshold is old and well known in the art" and that "[c]hanging the threshold can be negotiated between the lender and the borrower." The Examiner also stated that King "teaches the step of issuing the debt instrument with the associated condition and changing at least one parameter of the debt instrument (*See* King Claim 1)."

Applicant submits that King does not disclose the following limitations of independent claim 1. (1) determining a debt concentration threshold; (2) associating a condition with a debt instrument, and (3) the condition changing at least one parameter of the debt instrument, the condition available when an entity holds more debt instruments than the debt concentration threshold. The recited section of King fails to disclose or suggest determining a debt concentration threshold, associated a condition with a debt instrument, and the condition changing at least one parameter of the debt instruction, the condition available when an entity holds more debt instruments than the debt concentration threshold. Further, the negotiated change between lender and borrower of King does not disclose, teach or suggest a changed parameter occurring upon an associated condition.

As discussed above, claim 1 has been amended to more clearly reflect the fact that the specification provides for changing a parameter of the debt instrument occurring upon an associated condition.

The Examiner acknowledges that King does not teach the steps of determining a debt concentration threshold and the condition when an entity holds more debt instruments than the debt concentration threshold, as recited in claim 1. The Examiner has taken official notice that the steps of determining a debt concentration and the condition when any entity holds more debt instruments than the debt concentration threshold is old and well known in the art. The Examiner states that it would be obvious to one with ordinary skill in the art at the time of the

invention to include the steps of determining a debt concentration threshold and the condition when an entity holds more debt instruments than the debt concentration threshold to the disclosure of King. As the only basis for such a combination, the Examiner recites: "[t]he combinations of the disclosures taken as a whole suggests that it would have helped the business owners from getting into too much debt and thereby lose control of their business and it would have also helped the secured lenders maintain their priority of claims over the collateral."

Applicant submits that the claimed step of determining a debt concentration threshold is not old and well known in the art. The Examiner states that in the situation where all the debt of a business is held by one entity, then the debt held by the entity would be the debt concentration threshold. Applicant submits that simply having debt outstanding does not establish a threshold value. According to claim 1, selecting a threshold value involves selecting a specific debt concentration at which a condition will be available. Amended claim 1 specifically recites "the condition available when the entity holds more of the debt ~~instruments~~ than the debt concentration threshold; and changing the at least one parameter of the debt instrument upon the occurrence of the condition." In addition to a failure to disclose determining a debt concentration threshold, King does not disclose the new amended limitation of changing the debt instrument upon the occurrence of the condition.

Applicant also submits that it would not be obvious to combine determining a debt concentration threshold with the disclosure of King. The Examiner cites no suggestion or motivation to combine this threshold requirement with King, except to say "[t]he combinations of the disclosures taken as a whole suggests that it would have helped the business owners from getting into too much debt and thereby lose control of their business and it would have also

helped the secured lenders maintain their priority of claims over the collateral." Applicant submits that such a motivation to combine is entirely lacking in the prior art.

With respect to claims 2-4, the Examiner states that King teaches the steps of issuing the debt instrument with the associated condition and changing at least one parameter of the debt instrument. *See* King, Claim 1. Applicant respectfully submits that claims 3-4 have been cancelled.

With respect to claim 5, the Examiner states that King teaches the step of monitoring the associated condition. *See* King Column 17, lines 66-67. Applicant submits that King does not disclose monitoring holdings of debt instruments by entities as claimed in amended claim 5.

With respect to claims 7-11, the Examiner states that King teaches the step where the entity is an investor. *See* King Column 5, lines 59-62. However, the Examiner acknowledges that King does not explicitly teach an individual investor (claim 8), an institutional investor (claim 9), an affiliated group of investors (claim 10), or a group of investors acting in concert (claim 11).

The disclosure of King is limited to a simple lender/borrower scenario. Applicant submits that aside from the Examiner's improper hind-sight combination, there is no suggestion or motivation to combine multiple investors with the relationship disclosed in King. Further, multiple investors holding debt actually teaches away from the Examiner's hypothetical single entity holding all of the debt as disclosing a threshold, which is one of the principle elements of King that the Examiner relies on in the obviousness rejection of claim 1.

With respect to claims 15-17, the Examiner states that King teaches the method of claim 1. The Examiner acknowledges that King does not explicitly teach the steps wherein a parameter changed by the condition serves to restrict voting, restrict voting, restrict redemption of the debt

instrument or change the series of the debt instrument. Applicant submits that King does not remotely discuss voting rights or changing the series of a debt instrument. The Examiner cites no suggestion or motivation to combine this reference with a person of ordinary skill's understanding of these concepts.

The Examiner has also rejected claims 116-119 under 35 U.S.C. § 103(a) as being unpatentable over King (U.S. Patent No. 6,148,293). Applicant respectfully submits that claims 116-119 have been cancelled.

For at least these reasons, Applicant submits that claims 1-2, 5-17, and 121-123 are allowable.

V. Request for Reconsideration

Applicants respectfully submit that the claims of this application are in condition for allowance. Accordingly, reconsideration of the rejection and allowance is requested. If a conference would assist in placing this application in better condition for allowance, the undersigned would appreciate a telephone call at the number indicated.

Respectfully submitted,

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